

**ATTACHMENT D**  
**QUALIFICATION UNDER 83 ILL. ADM. CODE 451.110**

**License or Permit Bond**

KNOW ALL PERSONS BY THESE PRESENTS, That we Ameren Energy Marketing Company of 1901 Chouteau Avenue, St. Louis, MO, hereinafter referred to as the Principal, and AMERICAN CASUALTY COMPANY OF READING, PA as Surety, are held and firmly bound unto People of the State of Illinois, hereinafter referred to as the Oblige, in the sum of Thirty Thousand and 00/100ths - - - - - Dollars ( \$30,000.00 ), for the payment of which we bind ourselves, our legal representatives, successors and assigns, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH, That whereas, the Principal has made application to the Oblige for a license or permit as an Alternative Retail Energy Supplier (ARES) and in compliance with Illinois Commerce Commission Section 451.110, this bond is offered.

NOW, THEREFORE, if the Principal shall faithfully comply with all ordinances, rules and regulations which have been or may hereafter be in force concerning said License or Permit, and shall save and keep harmless the Oblige from all loss or damage, which it may sustain or for which it may become liable on account of the issuance of said license or permit to the Principal, then this obligation shall be void; otherwise, the remain in full force and effect.

THIS BOND WILL EXPIRE the 21st day of June, 2003.

But may be continued by continuation certificate signed by the Principal and Surety. The Surety may at any time terminate its liability by giving thirty (30) days written notice to the Oblige, and the Surety shall not be liable for any default after such thirty day notice period, except for defaults occurring prior thereto.

Dated June 21, 2000.

Ameren Energy Marketing Company

(Principal)

By: [Signature]

(Seal)

AMERICAN CASUALTY COMPANY OF READING, PA

(Surety)

By: [Signature]

(Seal)

Theresa Hunziker, Attorney-in-Fact

STATE OF Missouri

SS:

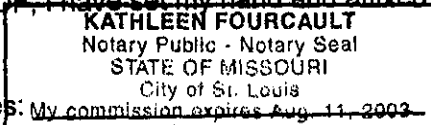
COUNTY OF City of St. Louis

On June 21, 2000, before me, a Notary Public in and for said County and State, residing

therein, duly commissioned and sworn, personally appeared Theresa Hunziker

American Casualty Company  
known to me to be Attorney-In-Fact of of Reading, Pennsylvania the corporation described in and that  
executed the within and foregoing instrument, and known to me to be the person who executed the said instrument on  
behalf of the said corporation, and he duly acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have set my hand and affixed my official seal, the day and year stated in this certificate above.



My Commission Expires: My commission expires Aug. 11, 2003

Kathleen Fourcault  
NOTARY PUBLIC

## Authorizing By-Laws and Resolutions

ADOPTED BY THE BOARD OF DIRECTORS OF CONTINENTAL CASUALTY COMPANY:

This Power of Attorney is made and executed pursuant to and by authority of the following By-Law duly adopted by the Board of Directors of the Company.

### **"Article IX—Execution of Documents**

Section 3. Appointment of Attorney-in-fact. The Chairman of the Board of Directors, the President or any Executive, Senior or Group Vice President may, from time to time, appoint by written certificates attorneys-in-fact to act in behalf of the Company in the execution of policies of insurance, bonds, undertakings and other obligatory instruments of like nature. Such attorneys-in-fact, subject to the limitations set forth in their respective certificates of authority, shall have full power to bind the Company by their signature and execution of any such instruments and to attach the seal of the Company thereto. The Chairman of the Board of Directors, the President or any Executive, Senior or Group Vice President or the Board of Directors, may, at any time, revoke all power and authority previously given to any attorney-in-fact."

This Power of Attorney is signed and sealed by facsimile under and by the authority of the following Resolution adopted by the Board of Directors of the Company at a meeting duly called and held on the 17th day of February, 1993.

"Resolved, that the signature of the President or any Executive, Senior or Group Vice President and the seal of the Company may be affixed by facsimile on any power of attorney granted pursuant to Section 3 of Article IX of the By-Laws, and the signature of the Secretary or an Assistant Secretary and the seal of the Company may be affixed by facsimile to any certificate of any such power and any power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certified by certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company."

ADOPTED BY THE BOARD OF DIRECTORS OF AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA:

This Power of Attorney is made and executed pursuant to and by authority of the following By-Law duly adopted by the Board of Directors of the Company.

### **"Article VI—Execution of Obligations and Appointment of Attorney-in-Fact**

Section 2. Appointment of Attorney-in-fact. The Chairman of the Board of Directors, the President or any Executive, Senior or Group Vice President may, from time to time, appoint by written certificates attorneys-in-fact to act in behalf of the Company in the execution of policies of insurance, bonds, undertakings and other obligatory instruments of like nature. Such attorneys-in-fact, subject to the limitations set forth in their respective certificates of authority, shall have full power to bind the Company by their signature and execution of any such instruments and to attach the seal of the Company thereto. The President or any Executive, Senior or Group Vice President may at any time revoke all power and authority previously given to any attorney-in-fact."

This Power of Attorney is signed and sealed by facsimile under and by the authority of the following Resolution adopted by the Board of Directors of the Company at a meeting duly called and held on the 17th day of February, 1993.

"Resolved, that the signature of the President or any Executive, Senior or Group Vice President and the seal of the Company may be affixed by facsimile on any power of attorney granted pursuant to Section 2 of Article VI of the By-Laws, and the signature of the Secretary or an Assistant Secretary and the seal of the Company may be affixed by facsimile to any certificate of any such power and any power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certified by certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company."

ADOPTED BY THE BOARD OF DIRECTORS OF NATIONAL FIRE INSURANCE COMPANY OF HARTFORD:

This Power of Attorney is made and executed pursuant to and by authority of the following Resolution duly adopted on February 17, 1993 by the Board of Directors of the Company.

"RESOLVED: That the President, an Executive Vice President, or any Senior or Group Vice President of the Corporation may, from time to time, appoint, by written certificates, Attorneys-in-Fact to act in behalf of the Corporation in the execution of policies of insurance, bonds, undertakings and other obligatory instruments of like nature. Such Attorney-in-Fact, subject to the limitations set forth in their respective certificates of authority, shall have full power to bind the Corporation by their signature and execution of any such instrument and to attach the seal of the Corporation thereto. The President, an Executive Vice President, any Senior or Group Vice President or the Board of Directors may at any time revoke all power and authority previously given to any Attorney-in-Fact."

This Power of Attorney is signed and sealed by facsimile under and by the authority of the following Resolution adopted by the Board of Directors of the Company at a meeting duly called and held on the 17th day of February, 1993.

"RESOLVED: That the signature of the President, an Executive Vice President or any Senior or Group Vice President and the seal of the Corporation may be affixed by facsimile on any power of attorney granted pursuant to the Resolution adopted by this Board of Directors on February 17, 1993 and the signature of a Secretary or an Assistant Secretary and the seal of the Corporation may be affixed by facsimile to any certificate of any such power, and any power or certificate bearing such facsimile signature and seal shall be valid and binding on the Corporation. Any such power so executed and sealed and certified by certificate so executed and sealed, shall with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Corporation."

## POWER OF ATTORNEY APPOINTING INDIVIDUAL ATTORNEY-IN-FACT

Know All Men By These Presents, That CONTINENTAL CASUALTY COMPANY, an Illinois corporation, NATIONAL FIRE INSURANCE COMPANY OF HARTFORD, a Connecticut corporation, AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA, a Pennsylvania corporation (herein collectively called "the CCC Surety Companies"), are duly organized and existing corporations having their principal offices in the City of Chicago, and State of Illinois, and that they do by virtue of the signature and seals herein affixed hereby make, constitute and appoint

Gregory L. Stanley, Theresa Hunziker, Michael R. Reedy, Joe C. Brock, Gary L. Riek, Kathleen Fourcalt, Individually

of St. Louis, Missouri

their true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred to sign, seal and execute for and on their behalf bonds, undertakings and other obligatory instruments of similar nature

- In Unlimited Amounts -

and to bind them thereby as fully and to the same extent as if such instruments were signed by a duly authorized officer of their corporations and all the acts of said Attorney, pursuant to the authority hereby given are hereby ratified and confirmed.

This Power of Attorney is made and executed pursuant to and by authority of the By-Laws and Resolutions, printed on the reverse hereof, duly adopted, as indicated, by the Boards of Directors of the corporations.

In Witness Whereof, the CCC Surety Companies have caused these presents to be signed by their Group Vice President and their corporate seals to be hereto affixed on this 25th day of August, 1999.



CONTINENTAL CASUALTY COMPANY  
NATIONAL FIRE INSURANCE COMPANY OF HARTFORD  
AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA

*Marvin J. Cashion*

Marvin J. Cashion

Group Vice President

State of Illinois, County of Cook, ss:

On this 25th day of August, 1999, before me personally came Marvin J. Cashion, to me known, who, being by me duly sworn, did depose and say: that he resides in the City of Chicago, State of Illinois; that he is a Group Vice President of CONTINENTAL CASUALTY COMPANY, NATIONAL FIRE INSURANCE COMPANY OF HARTFORD, AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA described in and which executed the above instrument; that he knows the seals of said corporations; that the seals affixed to the said instrument are such corporate seals; that they were so affixed pursuant to authority given by the Boards of Directors of said corporations and that he signed his name thereto pursuant to like authority, and acknowledges same to be the act and deed of said corporations.



*Diane Faulkner*

My Commission Expires September 17, 2001

Diane Faulkner

Notary Public

## CERTIFICATE

I, Mary A. Ribikawskis, Assistant Secretary of CONTINENTAL CASUALTY COMPANY, NATIONAL FIRE INSURANCE COMPANY OF HARTFORD, and AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA do hereby certify that the Power of Attorney herein above set forth is still in force, and further certify that the By-Law and Resolution of the Board of Directors of each corporation printed on the reverse hereof are still in force. In testimony whereof I have hereunto subscribed my name and affixed the seals of the said corporations this 21st day of June, 2000.



CONTINENTAL CASUALTY COMPANY  
NATIONAL FIRE INSURANCE COMPANY OF HARTFORD  
AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA

*Mary A. Ribikawskis*

Mary A. Ribikawskis

Assistant Secretary

**AMEREN CORPORATION SYSTEM  
AMENDED AND RESTATED  
NON-UTILITY MONEY POOL AGREEMENT**

This NON-UTILITY MONEY POOL AGREEMENT is made and entered into this 3rd day of March, 2000 by and among **Ameren Corp.** ("Ameren"), a Missouri corporation and a registered holding company under the Public Utility Holding Company Act of 1935, as amended (the "Act"); **Ameren Services, Inc.** ("Ameren Services"), **Ameren Energy, Inc.**, and **Ameren Development Corp.**, each a Missouri corporation and subsidiary company of Ameren; **Ameren ERC, Inc.**, and **Ameren Energy Communications, Inc.**, each a Missouri corporation and subsidiary company of Ameren Development Corp.; **Ameren Energy Resources Company** and **CIPSCO Investment Company**, each an Illinois corporation and a subsidiary of Ameren; **Ameren Energy Generating Company**, **Ameren Energy Marketing Company**, and **Illinois Materials Supply Company**, each an Illinois corporation and a subsidiary of Ameren Energy Resources Company; and **Union Electric Development Corp.**, a Missouri corporation and a subsidiary of Union Electric Co., which is a subsidiary of Ameren (each a "Party" and collectively, the "Parties").

**RECITALS**

The Parties from time to time have need to borrow funds on a short-term basis. Some of the Parties from time to time may have funds available to loan on a short-term basis. The Parties desire to establish a pool (the "Non-Utility Money Pool") to coordinate and provide for certain of their short-term cash and working capital requirements.

NOW THEREFORE, in consideration of the premises, and the mutual promises set forth herein, the Parties hereto agree as follows:

**ARTICLE I  
CONTRIBUTIONS AND BORROWINGS**

**Section 1.1 Contributions to Non-Utility Money Pool.** Each Party will determine each day, on the basis of cash flow projections and other relevant factors, in such Party's sole discretion, the amount of funds it has available for contribution to the Non-Utility Money Pool, and will contribute such funds to the Non-Utility Money Pool. The determination of whether a Party at any time has surplus funds to lend to the Non-Utility Money Pool or shall lend funds to the Non-Utility Money Pool will be made by an appropriate officer of such Party, or by a designee thereof, on the basis of cash flow projections and other relevant factors, in such Party's sole discretion. Each Party may withdraw any of its funds at any time upon notice to Ameren Services as administrative agent of the Non-Utility Money Pool. No loans to the Non-Utility Money Pool will be made by Ameren Services.

Section 1.2 Rights to Borrow. (a) Subject to the provisions of Section 1.4(b) of this Agreement, all short-term borrowing needs of the Parties, with the exception of Ameren, may be met by funds in the Non-Utility Money Pool to the extent such funds are available. Each Party (other than Ameren) shall have the right to make short-term borrowings from the Non-Utility Money Pool from time to time, subject to the availability of funds and the limitations and conditions set forth herein. Each Party (other than Ameren) may request loans from the Non-Utility Money Pool from time to time during the period from the date hereof until this Agreement is terminated by written agreement of the Parties; provided, however, that the aggregate amount of all loans requested by any Party hereunder shall not exceed the applicable borrowing limits set forth in applicable orders of the Securities and Exchange Commission and other regulatory authorities, resolutions of such Party's shareholders and Board of Directors or similar governing body, such Party's governing corporate documents, and agreements binding upon such Party. No Party shall be obligated to borrow from the Non-Utility Money Pool if lower cost funds can be obtained from external borrowing. No loans through the Non-Utility Money Pool will be made to, and no borrowings through the Non-Utility Money Pool will be made by, Ameren.

(b) Other non-utility affiliates of Ameren may enter into this Non-Utility Money Pool Agreement under the same terms and conditions by amendment executed by the affiliate and Ameren Services as Agent.

Section 1.3 Source of Funds. (a) Funds will be available through the Non-Utility Money Pool from the following sources for use by the Parties from time to time: (i) surplus funds in the treasuries of Parties other than Ameren Services, and (ii) proceeds from bank borrowings by Parties ("External Sources"), in each case to the extent permitted by applicable laws and regulatory orders. Funds will be made available from such sources in such order as Ameren Services, as administrator of the Non-Utility Money Pool, may determine will result in a lower cost of borrowing to Parties borrowing from the Non-Utility Money Pool, consistent with the individual borrowing needs and financial standing of the Parties providing funds to the Non-Utility Money Pool.

(b) Borrowing Parties will borrow pro rata from each lending Party in the proportion that the total amount loaned by such lending Party bears to the total amount then loaned through the Non-Utility Money Pool. On any day when more than one fund source (e.g., surplus treasury funds of Ameren and other Non-Utility Money Pool participants ("Internal Sources") and funds from External Sources), with different rates of interest, is used to fund loans through the Non-Utility Money Pool, each borrowing Party will borrow pro rata from each such fund source in the Non-Utility Money Pool in the same proportion that the amount of funds provided by that fund source bears to the total amount of short-term funds available in the Non-Utility Money Pool.

Section 1.4 Authorization. (a) Each loan to the Non-Utility Money Pool shall be authorized by the lending Party's President, Treasurer, Assistant Treasurer or by a designee thereof.

(b) All borrowings from the Non-Utility Money Pool shall be authorized by the borrowing Party's President, Treasurer, Assistant Treasurer, or by a designee thereof. Disbursement requests signed by a Party's President, Treasurer, Assistant Treasurer, or designee thereof shall be considered as authorization for borrowing hereunder.

Section 1.5 Interest. Each Party receiving a loan shall accrue interest monthly on the unpaid principal amount of such loan in the Non-Utility Money Pool from the date of such loan until such principal amount shall be paid in full.

(a) If only funds from Internal Sources comprise the funds available in the Non-Utility Money Pool, the interest rate applicable to loans of such funds from Internal Sources shall be the CD yield equivalent of the 30-day Federal Reserve "AA" Non-Financial Commercial Paper Composite Rate (or, if no such Composite Rate is established for that day, then the applicable rate shall be the Composite Rate for the next preceding day for which such Composite Rate was established).

(b) If only funds from External Sources comprise the funds available in the Non-Utility Money Pool, the interest rate applicable to loans of such funds from External Sources shall be equal to the lending Party's cost for such funds from External Sources (or, if more than one Party had made available funds from External Sources on such day, the applicable interest rate shall be a composite rate, equal to the weighted average of the cost incurred by the respective Parties for such funds from External Sources).

(c) In cases where funds from both Internal Sources and External Sources are concurrently borrowed through the Non-Utility Money Pool, the rate applicable to all loans comprised of such "blended" funds shall be a composite rate, equal to the weighted average of the (i) cost of all funds contributed by Parties from Internal Sources (as determined pursuant to Section 1.5(a) above) and (ii) the cost of all such funds from External Sources (as determined pursuant to Section 1.5(b) above); provided, that in circumstances where funds from Internal Sources and External Sources are available for loans through the Non-Utility Money Pool, loans may be made exclusively with funds from Internal Sources or External Sources, rather than from a "blend" of such funds, to the extent it is expected that such loans would result in a lower cost of borrowing.

Section 1.6 Certain Costs. The cost of compensating balances and/or fees paid to banks to maintain credit lines by Parties lending funds from External Sources to the Non-Utility Money Pool shall initially be paid by the Party maintaining such line. A portion of such costs shall periodically be allocated to the Parties borrowing such funds from External Sources through the Non-Utility Money Pool on a fair and equitable basis.

Section 1.7 Repayment. Each Party receiving a loan hereunder shall repay the principal amount of such loan, together with all interest accrued thereon, on demand and in any event within one year of the date on which such loan was made. All loans made

through the Non-Utility Money Pool may be prepaid by the borrower without premium or penalty.

Section 1.8 Form of Loans to Parties. Loans to the Parties through the Non-Utility Money Pool will be made pursuant to open-account advances, repayable upon demand; provided, that each lending Party shall at all times be entitled to receive upon demand one or more promissory notes evidencing any and all loans by such lender. Any such note shall: (a) be dated as of the date of the initial borrowing, (b) mature on demand or on a date agreed to by the Parties to the transaction, but in any event not later than one year after the date of the applicable borrowing, and (c) be prepayable in whole at any time or in part from time to time, without premium or penalty.

## ARTICLE II OPERATION OF NON-UTILITY MONEY POOL

Section 2.1 Operation. Operation of the Non-Utility Money Pool, including record keeping and coordination of loans, will be handled by Ameren Services under the authority of the appropriate officers of the Parties. Ameren Services shall be responsible for the determination of all applicable interest rates and charges to be applied to advances outstanding at any time hereunder, shall maintain records of all advances, interest charges and accruals and interest and principal payments for purposes hereof, and shall prepare periodic reports thereof for the Parties. Ameren Services will administer the Non-Utility Money Pool on an "at cost" basis. Separate records shall be kept by Ameren Services for the Non-Utility Money Pool established by this agreement and any other money pool administered by Ameren Services.

Section 2.2 Investment of Surplus Funds in the Non-Utility Money Pool. Funds not required to meet Non-Utility Money Pool loans (with the exception of funds required to satisfy the Non-Utility Money Pool's liquidity requirements) will ordinarily be invested in one or more short-term investments, including: (i) interest-bearing accounts with banks; (ii) obligations issued or guaranteed by the U.S. government and/or its agencies and instrumentalities, including obligations under repurchase agreements; (iii) obligations issued or guaranteed by any state or political subdivision thereof, provided that such obligations are rated not less than A by a nationally recognized rating agency; (iv) commercial paper rated not less than A-1 or P-1 or their equivalent by a nationally recognized rating agency; (v) money market funds; (vi) bank certificates of deposit and bankers acceptances; (vii) Eurodollar certificates of deposit or time deposits; (viii) investment grade medium term notes, variable rate demand notes and variable rate preferred stock; and (ix) such other investments as are permitted by Section 9(c) of the Act and Rule 40 thereunder.

Section 2.3 Allocation of Interest Income and Investment Earnings. The interest income and other investment income earned by the Non-Utility Money Pool on loans and on investment of surplus funds will be allocated among the Parties in

accordance with the proportion each Party's contribution of funds in the Non-Utility Money Pool bears to the total amount of funds in the Non-Utility Money Pool and the cost of any External Sources provided to the Non-Utility Money Pool by such Party. Interest and other investment earnings will be computed on a daily basis and settled once per month.

Section 2.4 Event of Default. If any Party shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors, or any proceeding shall be instituted by or against any Party seeking to adjudicate it a bankrupt or insolvent, then the other Parties may declare the unpaid principal amount of any loans to such Party, and all interest thereon, to be forthwith due and payable and all such amounts shall forthwith become due and payable.

### ARTICLE III MISCELLANEOUS


Section 3.1 Amendments, Waivers. Except as provided for in Section 1.2 (b), this Agreement may not be modified or amended in any respect except in writing executed by the Parties. No provision of this Agreement shall be deemed waived unless such waiver is set forth in writing and executed by the Party making such waiver.

Section 3.2 Legal Responsibility. Nothing herein contained shall render any Party liable for the obligations of any other Party hereunder and the rights, obligations and liabilities of the Parties are several in accordance with their respective obligations, and not joint.


Section 3.3 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Missouri.

IN WITNESS WHEREOF, the undersigned companies have duly caused this document to be signed on their behalf on the date first written above by the undersigned thereunto duly authorized.


AMEREN CORP.

By   
Name: Jerre E. Birdsong  
Title: Treasurer

## AMEREN SERVICES, INC.

By   
Name: Jerre E. Birdsong  
Title: Treasurer

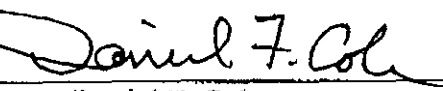
## AMEREN ENERGY, INC.

By   
Name: Jerre E. Birdsong  
Title: Treasurer

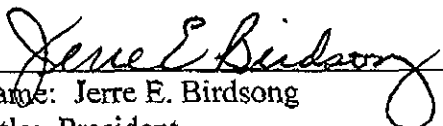
## AMEREN DEVELOPMENT CORP.

By   
Name: Jerre E. Birdsong  
Title: Treasurer

## AMEREN ERC, INC.

By   
Name: Daniel F. Cole  
Title: President


## CIPSCO INVESTMENT CO.

By   
Name: Jerre E. Birdsong  
Title: President

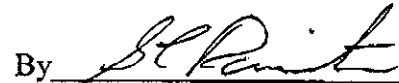
## UNION ELECTRIC DEVELOPMENT CORP.

By   
Name: Jerre E. Birdsong  
Title: Treasurer

## AMEREN ENERGY COMMUNICATIONS, INC.

By   
Name: Daniel F. Cole  
Title: President

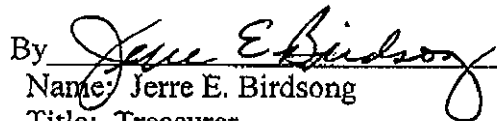
## AMEREN ENERGY RESOURCES COMPANY

By   
Name: Gary L. Rainwater  
Title: President

## AMEREN ENERGY GENERATING COMPANY

By   
Name: Gary L. Rainwater  
Title: President

## AMEREN ENERGY MARKETING COMPANY

By   
Name: Jerre E. Birdsong  
Title: Treasurer

## ILLINOIS MATERIALS SUPPLY COMPANY

By   
Name: Gary L. Rainwater  
Title: President

Global

Utilities

Rating

Service

# Utility Credit Report

## AMEREN CORP.

Analyst: Barbara A. Eiseman, New York (1) 212-438-7666

### Corporate Credit Rating

A+/Negative/A-1

### Business Profile

1 2 3 4 **5** 6 7 8 9 10  
strong weak

### Outstanding Rating(s)

#### Ameren Corp.

Bank loan	A+
CP	A-1
<b>Central Illinois Public Service Co.</b>	
Corp credit rating	AA-/Negative/A-1+
Sr unsec debt	A+
Sr sec debt	AA-
CP	A-1+
Pfd stk	A
<b>Union Electric Co.</b>	
Corp credit rating	AA-/Negative/A-1+
Sr unsec debt	A+
Sr sec debt	AA-
Bank loan	A+
CP	A-1+
Pfd stk	A

### Corporate Credit Rating History

	LC	FC
Jan. 5, 1998	A+	A+
Dec. 10, 1999	A+/A-1	A+
Feb. 1, 2000	A+/A-1	A+/A-1

### Company Contact

Lynn M. Barnes (1) 314-554-4829

### RATIONALE



Ameren Corp., the parent holding company of Union Electric Co. (UE, doing business as AmerenUE) and Central Illinois Public Service Co. (CIPS, doing business as AmerenCIPS), derives its credit quality from these utility subsidiaries. UE provides 72% of consolidated operating revenues, 74% of operating income, and 78% of plant assets, while CIPS provides 26%, 21%, and 20%, respectively, including Electric Energy Inc., a 60%-owned affiliate. Electric Energy owns and operates an electric generation and transmission facility in Illinois.

Ameren's unregulated activities are nominal and include power marketing and trading, risk management services, and investments in leases and energy projects. Recently, the company announced its intent to transfer its Illinois fossil assets (2,865MW) to a new generating subsidiary in mid-2000. Ameren also plans to purchase combustion turbines. The combustion turbines will add more than 2,000MW of mostly merchant capacity for about \$940 million. A total of 530MW is slated for operation in 2000, 560MW in 2001, 590MW in 2002, and 325MW in 2003. Except for about 120MW, the units likely will be operated by the new generating company. The

expansion of these unregulated activities will weaken the consolidated business risk profile. Standard & Poor's will continue to monitor the growth of Ameren's unregulated businesses and the impact of financing decisions on the utilities' and consolidated entity's credit quality. Prospectively, stronger earnings and cash flow will be needed to compensate for a riskier business position.

UE's and CIPS's creditworthiness reflects strong business profiles and robust financials. Relatively low production costs, competitive rates, superb nuclear operations, and limited industrial exposure support their business positions. These attributes are partly offset by UE's heavy nuclear

asset concentration, CIPS's lackluster service area, and Ameren's plan to aggressively grow its unregulated generation business. The risk associated with this strategy will be tempered to some extent by a power supply agreement through 2004 between the unregulated generating company and an unregulated marketing affiliate for all generation. The marketing affiliate would have a supply agreement with CIPS to supply it sufficient generation to meet native load requirements over the term of the contract.

Serving 1.5 million electric customers and 300,000 gas customers, Ameren will be a formidable competitor in an increasingly free marketplace. The UE/CIPS merger com-

Financial Summary (Millions)				
	1999*	1998	1997	1996
Gross revenues	3,467.8	3,318.2	3,326.5	3,328.4
Net income from continuing operations	434.0	404.2	391.6	376.8
Funds from operations (FFO)	772.0	731.2	712.6	736.9
Net cash flow	418.3	377.6	381.4	410.0
Capital expenditures	472.4	345.3	367.8	421.5
Total capital	5,959.4	5,841.0	5,898.7	5,896.4
<b>Adjusted ratios</b>				
Pretax interest coverage (x)	5.01	4.66	4.23	4.24
Total debt/total capital (%)	41.8	42.8	44.0	42.7
FFO interest coverage (x)	6.34	4.98	4.57	4.72
FFO/avg. total debt (%)	30.8	28.5	27.7	27.5

\*For 12 months ended Sept. 30 (unaudited).

**STANDARD  
& POOR'S**

February 2000



bined two financially sound utilities with competitive cost structures, strengthened transmission, and diversified the customer base. The transaction's savings and synergies will create a more efficient utility that should be better positioned to meet the deregulated industry's challenges.

### Outlook

The outlook reflects Ameren's challenge to maintain financial performance measures commensurate with the increasing business risk inherent in the company's strategy to aggressively expand its unregulated generation operations.

### Rating Methodology

Ameren's corporate credit rating is based on the consolidated financial and business risk profiles of its regulated utility units UE and CIPS and of its unregulated units.

UE's and CIPS's first mortgage bonds are rated the same as their corporate credit ratings. Although utility property collateralizes these bonds, Standard & Poor's ultimate recovery analysis does not project the value of such collateral to substantially exceed the maximum amount of first mortgage bonds that could be outstanding under terms of the indenture. Therefore, Standard & Poor's does not have the necessary confidence that first mortgage bondholders would receive their principal in a bankruptcy scenario to consider higher secured ratings. Stress cases consider varying percentages of book value for the different utility asset classes based on the quality of each asset class. Nuclear assets are presumed to have no collateral value.

The utilities' senior unsecured debt is rated one notch lower than the corporate credit ratings because unsecured bondholders are disadvantaged by the presence of first mortgage bonds currently outstanding. In UE's and CIPS's case, more

than 40% of total debt outstanding is secured and more than 20% of total assets is encumbered.

UE's senior unsecured debt is rated one notch lower than the corporate credit rating because unsecured bondholders are disadvantaged by the presence of outstanding first mortgage bonds. Moreover, Standard & Poor's guidelines for such notching are that secured debt exceed 40% of total debt outstanding and that more than 20% of total assets is encumbered. UE meets those criteria.

Ameren's \$200 million unsecured revolving facility matures Dec. 24, 2002. Chase Manhattan Bank is the agent. Ameren also has a \$300 million, 364-day senior unsecured revolving credit facility with the Bank of New York. Proceeds from the two facilities will be used for working capital at the company's unregulated subsidiaries, a significant portion of which will be used to make progress payments on combustion turbines that have been purchased by Ameren Intermediate Holding Co. Ameren's credit agreements are rated the same as its corporate credit rating.

### Business Description

St. Louis, Mo.-based Ameren is a registered public utility holding company that was created by the Dec. 31, 1997, merger of UE and CIPSCO Inc., parent of CIPS. UE remains headquartered in St. Louis and CIPS in Springfield, Ill. Ameren's nonregulated operations are organized under subsidiaries CIPSCO Investment Co., Ameren Services Co., AmerenEnergy Co., and Ameren Development Co. In addition, Ameren plans to create a new unregulated generating subsidiary in mid-2000. The subsidiary's assets would include CIPS's Illinois generating units and a block of new combustion turbines together representing nearly 5,000MW of capacity to be installed by the end of 2003.

UE, incorporated in Missouri in 1922, supplies electric service in Missouri and Illinois. Gateway Fuel Corp., a special-purpose corporation, uses a \$120 million commercial paper program to acquire nuclear fuel, which it leases to UE. CIPS, organized in 1902, provides electric and gas service in portions of central and southern Illinois.

CIPSCO Investment's portfolio mainly consists of equity interests in lease transactions and energy-related projects. Ameren Services provides administrative, accounting, legal, engineering, executive, and other support services to Ameren affiliates. AmerenEnergy is a power marketing agent for the operating utilities and provides a range of energy and risk management services to targeted customers. Ameren Development is an unregulated intra-holding company that will hold future nonregulated activities.

### Business Profile

**Regulation.** Combined operations of Ameren are subject to the jurisdiction of the Missouri Public Service Commission (PSC; 63% of consolidated utility revenues), the Illinois Commerce Commission (ICC; 25%), and the FERC (12%).

UE's retail rates are regulated by the Missouri PSC (92% of retail revenues) and to a much lesser extent by the ICC (8%). The regulatory climate in Missouri traditionally has been somewhat restrictive regarding cash flow enhancement and earnings stability. The absence of a fuel adjustment mechanism is cause for concern since unscheduled outages, especially nuclear, could expose UE to higher replacement power costs. On a positive note, the Missouri PSC has been receptive to rate design, pricing flexibility, alternative regulatory plans, and special contractual arrangements.

## Standard & Poor's

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Ameren Corp.

Global  
Utilities  
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Service

Although studies of electric industry restructuring and competition have been completed and several bills were introduced in Missouri, no legislation was enacted in the 1999 session. Given the existence of relatively low rates in Missouri, Standard & Poor's does not expect the legislature or the commission to assume an aggressive posture regarding deregulation. In fact, legislation mandating full choice is not likely to be enacted until after 2000. Missouri's cautious and go-slow approach will give UE some time to mitigate potential stranded costs.

The ICC regulates CIPS's retail rates and UE's Illinois retail rates. On Dec. 16, 1997, the Electric Service Customer Choice and Rate Relief Law of 1997 became effective. The legislation eliminates many uncertainties, although it does not affect CIPS's or UE's creditworthiness. However, the law does benefit the higher-cost Illinois utilities, whose exposure to costly nuclear units leaves them otherwise highly vulnerable.

The deregulation legislation (the 1997 act) phases in electric retail access from Oct. 1, 1999, to May 1, 2002. The 1997 act, as it applies to

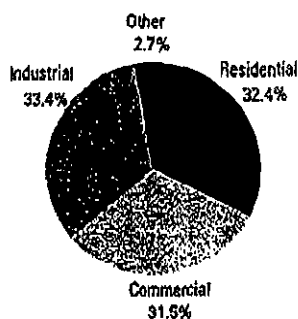
Ameren, mandated a 5% residential rate cut on Aug. 1, 1998, reducing revenues by about \$6 million in 1998 and \$15 million in 1999. Additional residential rate reductions of 5% in 2000 and 2002 may be required to the extent that Ameren's rates exceed the Midwest average at that time. The company's rates are currently less than the Midwest regional average.

Full retail competition for commercial and industrial customers occurs between October 1999 and December 2000, and access for residential customers will start after May 1, 2002.

Regulation		
Regulatory agency	Missouri Public Service Commission	
State	Missouri	
Case period	11 months	
Interim procedures	Rarely	
Authorized returns on equity (past 12 to 18 months)	Alternative Regulatory Plan	
Electric	11.30%	
Gas	11.70%	
Telephone	Year end	
Rate base	Historical	
Test period	Not included in rate base	
Construction work in progress	Gas cost adjustment clause—the difference between gas costs incurred and costs recovered are deferred and recovered from, or credited to, customers over a subsequent 12-month period.	
Adjustment mechanisms	Rate of return	
Incentive ratemaking		
Commissioners	Party	Term
Shelia Lumpe, Chair	Democrat	April 2003
M. Dianne Drainer	Republican	April 2001
Cornia Mummy	Republican	April 2003
Robert Schemenauer	Democrat	April 2001

Regulatory agency	Illinois Commerce Commission	
State	Illinois	
Case period	11 months	
Interim procedures	Rarely	
Authorized returns on equity (past 12 to 18 months)	To	From
Electric	11.75%	12.28%
Gas	11.13%	
Telephone	13.10%	
Rate base	Average original cost	
Test period	Forecast	
Construction work in progress	Not included in rate base. Prior to legislation enacted in 1983, the ICC often allowed a cash return.	
Adjustment mechanisms	Gas cost adjustment clause—the uniform purchased gas adjustment clause provides for timely recovery of changes in gas supply costs, relying on fully forecast data.	
Incentive ratemaking	Rate of return; price/cap index	
Commissioners	Party	Term
Richard Mathias, Chair	Independent	January 2001
Ruth Kretschmer	Republican	January 2003
Richard E. Kolhauser	Republican	January 2000
Terry S. Harvill	Republican	January 2003
Edward C. Hurley	Democrat	January 2004

Source: Regulatory Research Associates Inc.

Industry Retail Sales (MWh)  
1997

Source: Edison Electric Institute.

In return, the utilities may recoup, through transition charges, substantial revenues that otherwise would be unrecoverable in a fully competitive electric marketplace. However, they would be required to continue to actively mitigate their stranded-cost exposure. A transition charge will be in place through year-end 2006 for current customers who choose to buy electricity from alternative suppliers. The transition charge can be extended through 2008 with ICC approval if certain conditions are met.

As permitted by the new law, in July 1999, CIPS filed a notice with the ICC that it intends to transfer its Illinois generating facilities (2,865MW) at book value (\$600 million) to a new unregulated subsidiary of Ameren. Regulatory approvals were received from the ICC in October 1999, from the FERC in November 1999, and from the Missouri PSC in January 2000. Additional PUA-related determinations that will permit the new generating subsidiary to operate as an Exempt Wholesale Generator have been sought from the ICC. Approval by the FERC of certain power sale agreements is also required before the transaction can be completed. The new subsidiary is expected to be operational in mid-2000. When the transfer of assets is completed, a power supply agreement would be in place between the new generating company and a nonregulated market-

ing affiliate for all generation. The marketing affiliate would have a supply agreement with CIPS to supply it sufficient generation to meet native load requirements over the term of the contract. Power will continue to be jointly dispatched between UE and the new generating subsidiary.

**Markets.** Through its two operating utility subsidiaries, Ameren services 1.5 million electric users (93% of Ameren's operating revenues, 98% of operating income, and 95% of plant assets) and 300,000 natural gas customers (7%, 2%, and 4%, respectively) in a 44,500-square mile area of Missouri and Illinois.

UE mainly engages in selling electricity (96% of UE's operating revenues) in Missouri and to a small portion of Illinois. The service territory covers 24,500 square miles and includes the metropolitan St. Louis area. Retail natural gas (4% of operating revenues) is distributed in 90 Missouri communities and in the city of Alton, Ill. and vicinity. Business risk is tempered by a diverse economy that centers around transportation equipment, primary metals, food and kindred products, chemicals, petroleum refining, fabricated metals and machinery, and glass and concrete products. Sales and revenues derive largely from residential and commercial customers, providing some insulation from cyclical volatility. The vibrant and diversified St. Louis econ-

omy has thriving automotive, defense, and financial industries, solid commercial and industrial electric sales growth, very low unemployment, business expansions, a nominal amount of uncollectible accounts, and slightly above-average median household income.

CIPS provides electric (85% of total operating revenues, 93% of operating income, and 90% of plant assets) and gas service (16%, 7%, and 11%, respectively) in a 20,000-square-mile area of central and southern Illinois. Economic support centers on agriculture and diversified industrial operations. Key industries include petroleum refining and petrochemicals; food processing; stone, clay, glass, and concrete products; printing and publishing; metal fabrication; and coal mining. CIPS's service area is a bit lackluster, but appears to be expanding and growing stronger. In recent years, several firms located new facilities in the region or have completed or are undergoing facility expansions. The area's median household income is slightly more than the national average, uncollectible accounts remain at nominal levels, housing starts are up, and the unemployment rate is in line with state and national averages.

Ameren's five-year average growth rate for electric sales is projected at about 3.8%. The number of customers is expected to advance more slowly at less than 1% per year

Service Area Economics (\$ except where noted)					
	1995	1997	1998	1999-2001*	1999-2003*
<b>Population</b>					
Illinois	0.4	0.4	0.4	0.3	0.3
Midwest region	0.4	0.4	0.5	0.5	0.4
National	0.9	0.8	0.9	0.8	0.8
<b>Real per capita income (1992 \$)</b>					
Illinois	24,407	25,865	26,077	26,382	27,892
Midwest region	20,570	21,189	21,724	21,890	23,103
National	22,183	22,872	23,477	23,791	25,013
<b>Total employment</b>					
Illinois	1.8	1.6	2.0	0.4	0.6
Midwest region	1.8	1.9	1.9	0.5	0.7
National	2.2	2.6	2.3	1.0	1.1
<b>Unemployment rate</b>					
Illinois	5.3	4.6	5.0	5.8	5.8
Midwest region	4.5	3.8	3.8	4.6	4.6
National	5.3	4.8	4.7	5.4	5.4

\*Population and total employment estimates represent average annual growth rates for the period. Real per capita income and unemployment rate estimates represent forecasts for the last year in the period. Source: DRI/McGraw-Hill.

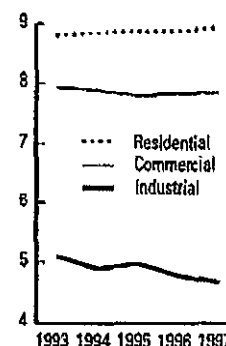


Ameren Corp.

Global  
Utilities  
Rating  
Service

Service Area Economics (% change)					
	1996	1997	1998	1999-2001*	1999-2003*
<b>Population</b>					
Missouri	0.7	0.7	0.7	0.7	0.6
Southwest region	0.8	0.8	0.9	0.8	0.8
National	0.9	0.9	0.9	0.8	0.8
<b>Real per capita income (1992 \$)</b>					
Missouri	20,872	21,462	22,037	22,356	23,493
Southwest region	19,159	19,784	20,336	20,689	21,835
National	22,163	22,872	23,477	23,781	25,013
<b>Total employment</b>					
Missouri	1.9	2.5	2.1	0.9	0.9
Southwest region	2.2	2.7	2.2	1.0	1.1
National	2.2	2.6	2.3	1.0	1.1
<b>Unemployment rate</b>					
Missouri	4.7	3.9	4.1	4.5	4.5
Southwest region	4.9	4.4	4.3	4.8	4.9
National	5.3	4.8	4.7	5.4	5.4

\*Population and total employment estimates represent average annual growth rates for the period. Real per capita income and unemployment rate estimates represent forecasts for the last year in the period. Source: DRI/McGraw-Hill.

Industry Rates  
(cents/kWh)

through 2002. Expanded transmission access resulting from the merger should bring more opportunities to increase wholesale market share.

**Operations.** Ameren benefits from low production costs and an improved balance in its resource mix compared with those of UE and CIPS individually. Over time, the merger should result in decreased electric production costs of some \$101 million through joint dispatch. The consolidated entity depends on coal for roughly 79% of its generating requirements, nuclear for 17%, and hydro/pumped storage for 4%.

Together, UE and CIPS own 60% of the capital stock of Electric Energy; the balance is held by two other sponsoring companies. Electric Energy owns and operates the 1,000MW coal-fired Joppa Station. Under very economical power supply agreements, UE and CIPS combined may purchase 15% of the available annual output of the facility.

Ameren is extremely well positioned to sell wholesale power through a strong transmission network. UE and CIPS have contiguous service areas in central and southern Illinois. Together, they interconnect with more than 20 other systems in Midwestern, Southern, and south-central markets.

In September 1998, the EPA issued a final rule to lower ozone levels

across the U.S. This new regulation will require significant reductions in nitrogen oxide emissions from coal-fired boilers in 22 states, including Missouri and Illinois. Because of the magnitude of these additional reductions (75% beyond 1990 levels by 2003), the company will be required to incur much higher capital costs to meet future compliance obligations and could have much higher operating and maintenance (O&M) expenditures associated with compliance. The significant nitrogen oxide emissions reductions already achieved on several of Ameren's generating stations will help to reduce compliance costs. The company estimates that additional capital outlays to comply could range from \$250 million to \$300 million from 1999 through 2003. Associated O&M expenses could increase by \$10 million to \$15 million annually, beginning in 2003. Meanwhile, UE will explore alternatives to comply with these new regulations to minimize costs.

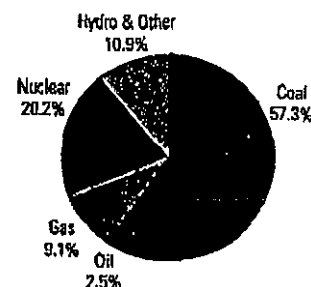
Nuclear, UE's 1,137MW Callaway nuclear station began commercial operation in December 1984 and cost \$3 billion. Management has done an excellent job operating Callaway. The station, currently operating at full capacity, is an industry leader in terms of production and safety. Callaway's 10th refueling and maintenance outage that began Oct. 2, 1999, lasted only 35 days, well below

the 50-day average of all past Callaway refuelings and less than the industry average for plants of similar age.

Management has also been successful in controlling Callaway's O&M expenses; levelized annual costs have been about \$90 million in the past three years, well below the industry average. Callaway's average production costs, including fuel, for 1996 through 1998 of 1.53 cents per kWh were among the lowest of all U.S. nuclear plants. The station's statistical measures have been impressive, with lifetime performance capacity factors of about 91%, excluding refueling, 84% including refueling, and operating availability of 88%.

Although Callaway is considered one of the top nuclear plants in the country, nuclear units elevate credit risk. Obviously, Standard & Poor's concerns are tempered where nuclear stations such as Callaway demonstrate solid track records. Although Callaway's extraordinary performance since it began operating ameliorates a burdensome level of asset concentration, the absence of a fuel adjustment mechanism in Missouri is a credit concern since unscheduled outages could expose UE to higher replacement power costs.

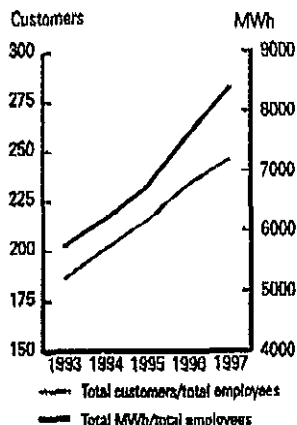
Asset concentration risk revolves around the company's substantial investment in Callaway. Depreciated book value is about \$1.6 billion,

Industry Fuel Mix  
1997

Source: Edison Electric Institute.



## Industry Efficiency Measures



which represents about 31% of UE's net plant in service and 65% of common equity. On a consolidated basis, asset concentration is diluted by CIPS's abundant coal-fired capacity: Callaway represents about 24% of Ameren's total net plant, 52% of common equity, 19% of system generation, and 10% of total available capacity.

**Competitive position.** Ameren's competitive position is excellent. The UE/CIPS merger created a bigger, more efficient utility that is better able to meet the challenges of deregulated industry. UE and CIPS produce electricity at relatively low costs and have competitive rates. Importantly, prices will be even lower than if this transaction had not occurred.

Ameren has low-cost generating capacity to market with an embedded cost of production plant of about \$288 per kWh, net of accumulated depreciation, compared with an average for other regional utilities of about \$410 per kWh. As a result, total costs of production are very competitive—2.65 cents per kWh for UE and 2.95 cents per kWh for CIPS, compared with the 1998 Mid-America Interconnected Network (MAIN) group average of 3.31 cents per kWh. The companies' fixed production costs also are significantly less than the regional average and the average for all investor-owned utilities. In addition, Ameren's average retail rates are competitive regionally and nationally.

Regarding fuel-cost management, virtually no one can compete with UE. The company's cost of fuel, at about 0.98 cents per kWh, is the lowest in the region and 53% less than the 1998 industry average. UE's favorable fuel cost position can be traced to its enterprising use of cheaper, low-sulfur Powder River Basin coal, economical use of purchased power, efficient power plant management, and aggressive negotiations for fuel-related services.

Recently, Ameren terminated long-term coal contracts with two coal suppliers covering power stations in Illinois, resulting in net pretax fuel savings of about \$183 million (\$131 million net of payments to suppliers) through 2010. The company expects to realize about \$66 million in fuel-

cost savings from 2000 to 2003.

CIPS's fuel costs were much higher than those of the MAIN group and about 17% more than the national average. Those high fuel costs reflected expensive coal contracts signed during the 1970s' energy shortages. The buyouts are expected to reduce CIPS's coal cost to a more competitive levels. Ameren took a one-time charge of \$31 million after-tax related to the contract termination payments in the fourth quarter of 1999.

Despite its favorable competitive standing, Ameren continues to respond to an increasingly free market in a number of ways designed to:

- Optimize generating assets through AmerenEnergy, an energy marketing and trading company, install additional peaking facilities that will be transferred to a new unregulated generating subsidiary in mid-2000, and joint dispatch of generation;
- Increase revenues through nonregulated energy products;
- Cut costs through lower production costs, improved productivity, and innovative use of technology; and
- Effectively manage regulatory and market uncertainties.

Ameren expects \$759 million in overall merger savings from 1998 to 2008. About two-thirds of merger savings will result from eliminating duplicate corporate and administrative programs, purchasing economies, and reducing electric production and gas costs. About one-third of total savings will come from reduced employee count, mostly through attrition. Merger savings are somewhat back-end loaded with \$449 million, or nearly 60% of the total amount expected in the second five-year period. However, the company is focusing on accelerating merger savings and realizing other expense reductions.

The following lists the gross savings:

- Labor—\$267 million,
- Corporate and administration programs—\$235 million,
- Electric production—\$101 million,
- Purchasing economies—\$84 million,
- Gas—\$37 million, and
- Other—\$35 million.

The merged entity is expected to realize \$644 million in net savings over 10 years by combining certain operations of the companies.

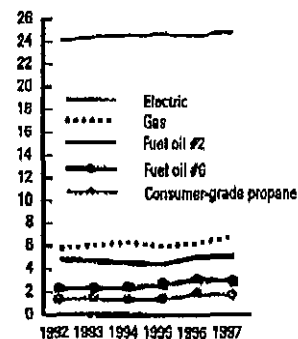
**Diversified activities.** Ameren's unregulated operations are organized under subsidiaries AmerenEnergy, CIPSCO Investment, and Ameren Development Co. The company's unregulated activities are currently nominal (1% of total assets and 1% of operating income) but growth is envisioned. In this regard, Ameren plans to create a new unregulated generating subsidiary in mid-2000. The subsidiary's assets would include the company's Illinois fossil generating units (2,865MW) and a block of new combustion turbines, which together represent nearly 5,000MW of capacity to be installed by year-end 2003. Ameren has a commitment to purchase combustion turbines that will add mostly merchant capacity to its generating fleet for about \$940 million. A total of 530MW is slated for operation in 2000, 569MW in 2001, 590MW in 2002, and 325MW in 2003. Except for about 120MW, the units likely will be operated by the new generating company.

AmerenEnergy is the company's energy marketing and trading affiliate. AmerenEnergy uses advanced technology to track buying and selling of electricity and natural gas and to provide customized energy services. The company's conservative trading strategy concentrates on regional, relatively short-term transactions that are subordinated to its native load. In addition, the company has the physical generating assets and a healthy reserve margin supporting its transactions. Importantly, AmerenEnergy has a prudent risk assessment policy to protect customers from volatile pricing and to limit its own exposure to price movements. Given the start-up costs of a young company, AmerenEnergy incurred losses in its first year of operation but is expected to be profitable in 1999.

CIPSCO Investment's portfolio consists primarily of equity interests in lease transactions and energy-related projects. Ameren Development is an unregulated intraholding company that will hold future nonregulated activities.

Through partnerships with major design and engineering firms, Ameren affiliates pursue nonutility ventures involving activities from energy efficiency technologies and advisory services to designing, build-

## Average Residential Fuel Cost (\$/MMBtu)



Source: American Gas Association.



Ameren Corp.

Global  
Utilities  
Rating  
Service

ing, and operating steam heat and chilled water systems for large customers. Most notable is its joint venture with Gateway Energy Systems, a firm that designs, builds, finances, owns, and operates utility systems for large institutional and industrial customers.

Although critical to winning in a deregulating market, the expansion of unregulated activities, especially the aggressive growth targeted for Ameren's unregulated generation business, will increase business risk. Standard & Poor's will continue to monitor the growth of Ameren's unregulated businesses and the impact of financing decisions on the utilities' and consolidated entity's credit quality. Prospectively, stronger earnings and cash flow will be needed to compensate for a riskier consolidated business profile.

### Financial Profile

#### **Financial policy: Conservative.**

Ameren, led by chairman and chief executive officer Charles W. Mueller, former UE president and chief executive officer, is a conservative, well-managed, credit-conscious, cost-effective, customer-driven company. In July 1999, the company announced its intent to transfer its Illinois fossil assets to a new generating subsidiary in mid-2000. The company also plans to purchase combustion turbines that will add more than 2000MW of mostly merchant capacity to its fleet by the end of 2003. The expansion of these unregulated activities will increase consolidated business risk and debt leverage. Therefore, although Standard and Poor's views Ameren's financial policy as trending toward moderate, this assessment depends on how the new generating company is capitalized and the margins it generates.

To date, Ameren has used its \$500 million commercial paper program for working capital at the company's unregulated subsidiaries. A significant portion of the program will be used to make progress payments on combustion turbines that have been purchased by Ameren Intermediate Holding Co. Upon formation of Ameren's unregulated generating subsidiary, the combustion turbines will be transferred to and permanent-

ly financed at a subsidiary of Ameren Intermediate Holding Co.

CIPS and UE operate separately, but share certain functions and have similar financial objectives that support strong credit quality. The companies are expected to maintain clean balance sheets and healthy capital structures with robust common equity layers and modest debt leverage, continue to cut costs, and improve efficiencies to enhance their already favorable competitive standings.

**Profitability.** Ameren posted earnings of \$417 million, or \$3.04 per share, for 12 months ended Sept. 30, 1999, compared with \$355 million, or \$2.59 per share, for the year-ago 12-month period. Excluding an extraordinary charge in fourth-quarter 1997 to write down CIPS's generation-related regulatory assets, earnings for the 12 months ended Sept. 30, 1998, were \$407 million, or \$2.97 per share. The higher earnings can be traced largely to substantial increases in interchange sales.

Currently robust adjusted consolidated pretax interest coverage of 5.01 times and return on equity of 13.3% will weaken owing to greater financing requirements for the combustion turbines and other unregulated activities. Yet, continued merger benefits, tight cost controls, and relatively healthy sales growth should help to limit deterioration of earnings protection measures.

**Cash flow protection.** Construction expenditures are projected to approximate \$3 billion (including nuclear fuel) for the five-year period 2000 through 2004, or a somewhat heavy 10% of total capital compared with about \$2 billion, or an average 6% of total capital, for the previous five-year period. The higher level of capital spending is primarily attributable to the installation of the combustion turbines. Internal cash flow is expected to fund an average 70% of outlays over the 2000 to 2003 period. Thereafter, cash flow should rebound and fully cover Ameren's construction program. Depreciation and amortization over the five-year planning period are an estimated \$2.1 billion. Strong consolidated funds from operations to total debt will weaken and hover around 27%

while funds from operations interest coverage, albeit declining, should remain healthy, at more than 4.75%.

**Capital structure.** Consolidated debt leverage is a moderate 42% of total capitalization, and the common equity layer is a robust 53%. However, this strong capital structure balance will weaken because of external funding requirements for the combustion turbines. Should Ameren issue all debt to finance the capacity additions, total debt could approach a relatively high 49%.

Ameren's preferred stock layer totals \$301 million, or about 5% of total capital, of which \$235 million is fixed-rate perpetual and \$66 million is subordinated capital income securities. This level of preferred stock is considered acceptable by Standard & Poor's for receiving full equity treatment.

About \$731 million of Ameren's \$2.3 billion of long-term debt outstanding is unsecured. About \$181 million is tax-exempt floating-rate debt, exposing the company to some interest rate volatility. However, the company has the ability to quickly lock into a fixed rate.

**Financial flexibility.** Ameren has strong financial flexibility to meet its projected needs, as demonstrated by a market-to-book ratio of 163% as of Sept. 30, 1999, strong cash flow, \$500 million in bank credit facilities, and limited capital requirements. Furthermore, UE and CIPS face relatively manageable debt maturity schedules, with \$548 million and \$143 million, respectively, coming due through 2004. Ameren had no commercial paper outstanding as of Sept. 30, 1999.

Ameren is authorized by the SEC to have up to \$2.8 billion of short-term unsecured debt instruments outstanding at any one time. Ameren has committed bank lines aggregating \$191 million, all of which was unused at Sept. 30, 1999. The lines are renewable annually at various dates throughout the year. Ameren has a bank credit agreement due 2002 that permits the short-term borrowing of \$200 million. The company also has a \$300 million senior unsecured 364-day revolving credit facility. As of

Global  
Utilities  
Rating  
Service



Ameren Corp.

### Financial Flexibility

#### Common equity characteristics as of Dec. 31, 1999

Ticker symbol	AEE
Stock price (\$)	32.75
PE ratio (x)	10.8
Dividend yield (%)	7.8
Market to book (%)	141.0
Dividend to book (%)	10.9

#### Debt characteristics at fiscal year ended 1999

Secured debt (%)	0
Unsecured debt (%)	0
Subordinated debt (%)	0
Fixed-rate debt (%)	0
Variable-rate debt (%)	0
Avg. life of long-term debt (years)	15
Embedded cost of long-term debt (%)	7.5
Debt maturing in five years (mil. \$)	520.0

Sept. 30, 1999, there was \$68 million outstanding under these agreements.

Gateway Fuel, a special-purpose corporation, will issue up to \$120 million of commercial paper to buy nuclear fuel for lease to UE. A fuel lease agreement between Gateway Fuel and UE provides credit support.

As of Sept. 30, 1999, \$116 million of nuclear fuel was financed under the lease.

Ameren's common dividend payout to shareholders is somewhat high at about 81%. Over time, however, management intends to grow into a lower payout ratio, owing to expectations

for greater earnings in the utility and nonregulated businesses.

In addition, management will continue to assess the common stock dividend as industry competition unfolds.

### Short-term Financing

As of Dec. 31, 1999

Short-term debt (mil. \$)	Arranged	Outstanding	Expiration date	Same-day availability	MAC clause
Commercial paper	0.0	59.0			
Bank lines					
Contracted committed lines	217.0	0.0		N.A.	N.A.
Avg. cost of short-term debt (%)	4.9				

MAC—Material adverse change. N.A.—Not available.



Ameren Corp.

Global  
Utilities  
Rating  
Service

## Financial Statistics - Ameren Corp.

—Year ended Dec. 31—

	1999*	1998	1997	1996
<b>Income statement (mil. \$)</b>				
Gross revenues	3,457.8	3,318.2	3,326.5	3,328.4
Operating expenses (excl. DD&A)	2,230.4	2,130.9	2,164.3	2,160.2
Depreciation and amortization	355.1	348.4	346.0	339.3
Pretax operating income	864.8	838.9	816.3	828.9
Gross interest expense	175.8	179.6	188.9	188.7
Pretax income	719.4	671.9	625.8	629.8
AFUDC and deferrals	14.5	12.0	12.7	14.4
Income taxes	285.4	267.7	234.2	253.0
Net income from continuing operations	434.0	404.2	391.6	376.8
<b>Earnings protection</b>				
Pretax interest coverage (x)	5.08	4.73	4.29	4.31
Adjusted pretax interest coverage (x)	5.01	4.66	4.23	4.24
Preferred dividend coverage (x)	4.87	4.59	4.29	4.31
EBITDA interest coverage (x)	7.11	6.66	6.12	6.11
AFUDC and deferred income/earnings (%)	3.3	3.0	3.2	3.8
Return on common equity (nominal) (%)	19.8	12.7	12.5	24.0
Common dividend payout (%)	81.3	87.3	84.6	86.8
Annual O&M growth (%)	2.3	7.1	5.8	(0.4)
Annual expense growth (excl. DD&A) (%)	4.7	(1.5)	0.2	4.4
O&M/revenues (%)	28.3	28.9	26.9	25.4
Total operating expenses (excl. DD&A)/revenues (%)	64.3	64.2	65.1	64.9
<b>Balance sheet (mil. \$)</b>				
Cash and equivalents	331.1	76.9	8.7	11.9
Gross plant	12,482.6	12,530.9	12,272.5	11,975.2
Net plant	6,643.1	6,928.0	6,987.1	6,951.1
Total assets	9,258.7	8,847.4	8,827.5	8,932.8
Short-term debt	237.2	260.2	138.5	215.5
Long-term debt	2,235.6	2,223.4	2,440.1	2,269.5
Preferred stock	301.2	301.2	301.2	365.1
Common equity	3,199.0	3,053.7	3,022.5	3,016.4
Total capitalization	5,963.0	5,844.5	5,902.3	5,886.4
Total off-balance-sheet obligations	31.8	31.8	35.4	38.5
<b>Balance sheet ratios (%)</b>				
Short-term debt/total capital	4.0	4.5	2.3	3.7
Long-term debt/total capital	37.5	38.0	41.3	38.7
Preferred stock/total capital	5.1	5.2	5.1	6.2
Common equity/total capital	53.5	52.4	51.2	51.4
Adjusted total debt/total capital	41.8	42.8	44.0	42.7
Debt/EBITDA (x)	2.0	2.1	2.2	2.2
<b>Cash flow (mil. \$)</b>				
Net income	434.0	404.2	391.6	376.8
Depreciation	367.2	375.3	377.2	371.4
Deferred taxes and ITC	(34.7)	(36.3)	(43.5)	3.1
AFUDC and deferrals	14.5	12.0	12.7	14.4
Other funds from operations (FFO) adjustments	0.0	0.0	0.0	0.0
FFO	772.0	731.2	712.8	736.9
Preferred dividends	(5.1)	(5.1)	0.0	0.0
Common dividends	(348.5)	(348.5)	(331.3)	(326.9)
Net cash flow (NCF)	418.3	377.6	381.4	410.0
Working capital changes	281.2	77.1	(25.2)	49.2
Capital expenditures (capex)	(472.4)	(345.3)	(367.9)	(421.5)
Discretionary cash flow	227.1	109.4	(11.8)	37.7
<b>Cash flow adequacy</b>				
Capex/avg. total capital (%)	8.0	5.9	6.3	7.2
NCF/capex (%)	88.5	108.3	103.7	97.3
FFO/avg. total debt (%)	31.1	28.9	28.1	59.3
Adjusted FFO/avg. total debt (%)	30.8	28.5	27.7	57.5
FFO interest coverage (x)	5.42	5.05	4.63	4.79
Adjusted FFO interest coverage (x)	5.34	4.86	4.57	4.72

\*For 12 months ended Sept. 30 (unaudited). AFUDC—Allowance for funds used during construction. O&M—Operations and maintenance. ITC—Investment tax credits. DD&A—Depreciation, depletion, and amortization. EBITDA—Earnings before interest, taxes, depreciation, and amortization. N/A—Not available. Source: Financial data from EKS™ software by Navigant Consulting Inc.